

Central Intelligence Agency



Washington, D.C. 20505

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## DIRECTORATE OF INTELLIGENCE

6 July 1983

China: Government Reorganization One Year Later [ ]

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Summary

Although the reformers have succeeded during the past year in changing the appearance of the government organization, they still face serious obstacles in improving the efficiency and quality of the bureaucracy. The central authorities have redrawn the organizational chart and somewhat reduced personnel, but effective changes have been blocked by institutional inertia, resistance from threatened officials, and political or factional obstructionism. Beijing recently announced a "second stage" of reorganization to tackle these problems. We doubt it will be any more successful than the first attempt. [ ]

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In December 1981, Zhao Ziyang announced plans to reform state organizations in order to alter the "intolerably low efficiency" of the bureaucracy. The reforms were intended to:

- Reduce the size of the unwieldy bureaucracy, which had grown to include about 1,000 people of minister or vice minister rank.
- Delegate day-to-day decisionmaking to lower levels, freeing higher officials to set broad policy.
- Rejuvenate an officialdom top-heavy with aged cadre, many in poor health.

This memorandum was prepared by [ ] the Domestic Policy Branch, China Division, Office of East Asian Analysis, Directorate of Intelligence. Comments and questions are welcome and may be directed to the author [ ]

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- Delineate lines of authority and responsibility to reduce delays and squabbles caused by numerous vague, overlapping jurisdictions.
- Raise the educational and professional level of the bureaucracy.
- Eliminate at least those officials most guilty of Cultural Revolution excesses and those who opposed the new reform program.
- Separate the party from the daily work of administrative and economic bodies to increase efficiency and to reduce meddling by ideologues with little or no professional expertise.

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### The Plan

To accomplish these ambitious goals the authorities established some general guidelines and undertook experimental reforms in a few key ministries. According to the guidelines, 65 was set as the maximum age for ministers and 60 for other officials; ministries could have two to four vice ministers and lower levels only two or three chiefs and deputies; educated cadre were favored for promotion; all units were directed to reduce the size of their staffs. In addition, certain cadre guilty of Cultural Revolution abuses were to be dismissed. Experimental programs in the Ministries of Coal, Electric Power, Water Conservancy, and a number of foreign trade organizations were carried out successfully.

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The reforms got off to a smooth start, and the authorities were able to redraw the government table of organization and reduce the size of official staffs. The number of State Council ministries and commissions was cut from 98 to 52; personnel were reduced by one-third; 11 of 13 vice premiers were eliminated. The average age in most ministries and commissions was lowered. A standing committee within the State Council was created to handle routine work--and also, not incidentally, concentrating administrative power in the hands of strong reform advocates. In November 1982, Premier Zhao announced that "the basic restructuring of central units was complete."

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\*At the recent NPC in June 1983, two more vice premiers were named, for a total of four. The two new vice premiers are economic specialists with backgrounds in energy and financial management.

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The Result

Reducing the number of personnel assigned to units left the authorities with the difficult problem of finding slots for redundant cadre. Some actually retired, but many were too young. Beijing adopted two methods to soak up these people, and both have created problems:

- Transfer to the next lower level. This approach, of course, only passes the problem on to lower levels. Some lower units have flatly refused to take any more.
- Rotational training. Intended also to improve the political orientation and professional expertise of cadre, rotational training classes have essentially become places to store excess personnel. A revolving door system has grown up in which people shuttle between classes and their unit. Persons on rotation continue to draw their full salary, so there are no savings, and the real size of the unit is not reduced much. In spite of these problems, rotational training is likely to remain a method for absorbing redundant personnel for some time.

The State of Play

Beijing, recognizes these problems and has recently announced a "second stage" of the reorganization. The Chinese press said that a special committee within the party secretariat

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has been set up to research and oversee this phase. This second stage will basically be "more of the same". The state wiring diagram will not be redrawn, but all other aspects of the campaign--rejuvenation of leadership, reduction in personnel, improvement of political attitudes, greater professionalism--are much the same as elements of last year's campaign. The list makes it clear that many of the reforms received only lip service from a number of government units; People's Daily articles have admitted that some offices have actually grown in size. [ ]

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The media blitz accompanying the second-stage effort correctly singles out the major failings and lays out guidelines for solving them. In particular, senior officials are directed to:

- Adhere to decisions on the size of new leading bodies and not create additional posts or units.
- Get designated retirees to actually retire.
- Make rotational training programs more effective.
- Establish a personal responsibility system and correct bureaucratic behavior. [ ]

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We doubt the second stage will be as successful as the first, which produced only modest improvements in performance. In our judgment, the consolidation of ministries and commissions and the reduction of staff at the middle and lower levels is an easier task than solving the stubborn problems of bureaucratism, cronyism, and lack of professionalism. [ ]

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Two factors will significantly inhibit progress in the second stage. In implementing its policies, Beijing must depend on officials whose privileged position is threatened by the reforms. In many cases, target officials are part of a strong network of connections [ ] Moreover the more removed from Beijing the institution or level of government, the more difficult it is for Beijing to control the process. [ ]

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Besides resistance on the grounds of self-interest, a certain amount of ideological opposition exists. Articles in the Chinese media indicate to us that much of this opposition focuses on efforts to separate the party from administration. Organizational theory and the relative merits of political reliability and technical expertise have been hotly debated in China since 1949, as in the "red versus expert" debates of the Mao era. For example, a source with access to high officials reported that some officials believe the party is relinquishing too much authority to technocrats and non-party personnel. [ ]

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[REDACTED]

The Chinese will also have to resist their well-documented tendency to create new agencies to deal with every new problem that crops up. This tendency, more pronounced in China than in most nations, destroyed previous attempts to reform the bureaucracy in the 1950s and 1960s. [REDACTED] 25X1

The reform leaders certainly know that correcting the problems in the bureaucracy will be a long, drawn-out process of trial and error [REDACTED] 25X1

[REDACTED] speeches by senior leaders like Zhao Ziyang demonstrate that they are unhappy with the pace of reform so far. The current campaign is a signal that the reformers are still serious about remaking the bureaucracy and intend to keep the pressure on. [REDACTED] 25X1

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